

Where is this picture? See page 12



Department of Human Resource Management

# Worklife Elevated

## State of Utah Employee Newsletter

Executive Director's Message	1
Executive Directors Message (cont.)	2
Employee Spotlight: Daren Evans	
Changing a Culture	3
Performance Management	
Performance Management (cont.)	4
Capitol Hill Wellness Council Sponsors "Biggest Loser Contest"	
The Governor's WorkWell Challenge	
Open Enrollment	5
Open Enrollment (cont.)	6
Legislative Recap	
ADR= Alternative (and Appropriate) Dispute Resolution	7
New Overtime Rules	8
DHRM Wants Your Opinion!!!	
Initial Findings from the Employee Survey	9
Medical Economics 101: Back to the Future	10
Medical Economics 101: Back to the Future	11
Upcoming Training Events	12
On the Front Cover	

## Executive Director's Message

### Tom Patterson, Corrections

*Utah Department of Corrections Mission Statement: Our dedicated team of professionals ensures public safety by effectively managing offenders while maintaining close collaboration with partner agencies and the community. Our team is devoted to providing maximum opportunities for offenders to make lasting changes through accountability, treatment, education and positive reinforcement within a safe environment.*

As the above mission statement makes clear, the nearly 2,400 employees of the Utah Department of Corrections come to work every day with two priorities in mind — ensuring public safety and encouraging offender success. Though public safety is, and will remain, the Department's top priority, we must also focus on preventing continued criminal behavior by equipping offenders to successfully rejoin society upon their release from prison.

The creation of a new Division of Programming within the Department speaks to our commitment to this important principle. Division Director Craig Burr and his staff have been tasked to streamline the services available to offenders and close the gaps between incarceration and parole. Whether it's substance abuse treatment, education, mental health therapy or parenting classes, offenders' needs are identified early and a plan is put in place to wrap them in services from the time they enter state facilities through successful completion of parole.

With funds limited, creativeness and innovation are important elements in meeting programming goals. The Department's clinical staff has recently launched an animal-assisted therapy program for select offenders in mental health group therapy. This volunteer-based program is a first for Utah and has, so far, shown phenomenal results. After just two months of meetings with Buck, a 10-year-old standard poodle, the six participating female inmates have been more responsive to therapy and have stepped up to take leadership positions inside the prison.

Of course, officials at the Central Utah Correctional Facility know that animals can be an effective programming tool for offenders. For the past year, inmates in Gunnison have broken and trained wild horses for the U.S. Bureau of Land Management. This popular program is just another example of the Department's willingness to take a fresh look at business-as-usual and find new ways to help offenders succeed.

A focus on programming involves staff in all areas of the Department of Corrections. Inside the prison, correctional officers, case managers, therapists and others work with inmates to help them meet their programming goals. Outside the facilities, Adult Probation



Tom Patterson, Executive Director-Corrections

(Continued on page 2)



## Executive Director's Message (cont.)

(Continued from page 1)

and Parole agents are instrumental in overseeing the progress of offenders on parole and probation and ensuring continued success in many areas.

Partnerships with community partners are also vital to success on

this initiative. A combined effort by the Department of Corrections, city and county housing authorities and the state's Homeless Coordinating Committee, for instance, has resulted in a pilot program that helps female offenders find safe, secure and

permanent housing upon their release from prison.

To learn more about the vision and mission of the Utah Department of Corrections, please visit us online at <http://corrections.utah.gov>.

## Employee Spotlight: AP&P Agent Daren Evans

At 27 years old, Billy Welcher was in deep. Years of drug use and hanging out with the wrong crowd had finally caught up with him in the form of a third-degree felony. The criminal charge meant probation under the supervision of Adult Probation and Parole, a division of the Utah Department of Corrections.

Which is where he met AP&P Agent Daren Evans, who Welcher credits for getting him to where he is today — a father, a soon-to-be husband and a licensed journeyman plumber.

"He's always been there to help me," Welcher said of his probation officer for the past six years. "Any kind of problem I ever had, he's always been there for advice and practical help. He's been great."

Agent Evans spoke at Welcher's recent Drug Court graduation, addressing his probationer's difficult attempts to turn his life around. Welcher's case is one of those success stories that lets Agent Evans know he's still making a difference after 18 years with the Department of Corrections, including the past decade as an AP&P agent.



Daren Evans (left) and Billy Welcher (right) shake hands in front of Welcher's plumbing truck.

seeing him actually succeeding and turning his life around, that's the reward."

In the past 10 years, Evans has had several other cases that have brought similar rewards. Items such as a University of Utah graduation announcement from a former offender and annual Christmas cards from another are reminders of a job well done.

"In my opinion, that is what it is all about," Evans said.

Success hasn't been easy for Welcher, which makes him an even better example of how offenders and Corrections officials can work together to bring about positive change.

"There were several times during his probation that I could have sent him to jail and never seen him again," said Evans. "But I just saw something in

"He's gone from the depths of major criminal-type behaviors to a dad, a husband and a co-worker," Evans said. "Seeing him do what he's done and

him that made me keep working with him. He seemed like he had a good heart."

Welcher certainly stumbled along the way, racking up two additional misdemeanor charges, a few months in jail and several starts and stops on probation. He has relied heavily on Agent Evans' support and the numerous programs available to help offenders like Welcher succeed.

"This last time I pretty much begged Daren to give me one more chance," said Welcher, now 33 years old. "It finally just hit me, I said, 'I'm done with it.' I think I'm just at that age where I'm done with the drugs and I'd rather just work for what I have."

Despite his intense involvement in the case, Evans refuses to take credit for Welcher's success. He simply wants it to serve as a wake-up call to other offenders that working hard, and accepting the help of others, can reap similar rewards.

"The message that I'm trying to get across is if he can do it, anybody can," Evans said. "I want to honor Billy and his efforts and get it out to other offenders that they, too, can get out of that world."

"This is truly a good success story."



## Changing a Culture



The vision statement for the Utah

Department of Corrections begins with this sentence: *"We envision a culture where honor, accountability, and integrity are reflected in our conduct."*

Culture is important at the Department of Corrections, and it is changing. In January 2007, Governor Huntsman instituted a new administration at the Department and encouraged a change in culture. The new administration brought sweeping changes to management positions and a goal to institute widespread culture change within the nearly 2,400-person agency. Foundational in these changes was and is a desire to implement greater accountability measures with fairness, openness and transparency.

An important step in this process was to gauge the current cultural climate and determine what areas needed the most immediate attention. A 2007 employee survey, "Voices of Corrections," did just that by asking staff to comment on four main areas:

job satisfaction, working conditions, supervision and organizational climate. More than 1,500 employees responded to the anonymous study. In many areas, the results were heartening; in others, they showed promise but also that additional work and trust development was needed.

Here is a sampling of the survey's results:

- **69 percent of respondents reported being satisfied with their jobs**
- **38 percent agreed their ideas for improvement in the workplace are respected**
- **65 percent are satisfied with their state benefits**
- **66 percent feel safe at work**
- **74 percent believe their supervisors treat subordinates fairly**
- **35 percent of all employees are satisfied with the overall organizational climate — nearly the same amount, 36 percent, were neutral on the issue**
- **42 percent believe the Department administration**

**shows care and concern for staff, while 33 percent were neutral in their response**

The study was conducted by the Department's research staff and will serve as a baseline for future surveys. In the meantime, Executive Director Tom Patterson has pledged to use the results to guide the Department toward its vision statement. In a report to staff that accompanied the release of the results, Executive Director Patterson said he was encouraged by many of the findings, particularly those where staff appears to be undecided on key issues within the Department. These neutral responses, he said, indicate optimism and a determination to reserve judgment as the culture change continues.

Widespread change takes time, but Department officials remain dedicated to building trust among staff and fulfilling the final two sentences of the Department's vision statement: *"In so doing, we foster an environment rich in professionalism, compassion, collaboration, and dedication. Together, we are a fair, focused, innovative, and energized team."*

## Performance Management

By Jamie Nagle

It's that time of year again — employee evaluations. Many supervisors and managers, as well as employees, dread sitting down to review past performance and setting expectations for future performance. Performance evaluations don't have to be painful or unpleasant. In fact, they can be effective tools for managers and provide important feedback to employees.

The first step is to foster a positive attitude about appraisals. Next, it is important to recognize that performance appraisals are not just about employees, it is also a tool for supervisors to provide ongoing guidance to their employees. Supervisors should be working with their employees to formulate goals that will help the employees realize the value of their individual contributions to the overall success of the agency, and, providing continual feedback to the

employees about their performance.

Performance evaluations are not entirely about pay. It would be foolish to believe that employees don't desire a salary increase for producing superior results. While pay is one engagement factor, there are several others that can be reinforced through a successful performance evaluation. Supervisors should be sure that an individual performance plan answers the three questions that every

*(Continued on page 4)*





## Performance Management

(Continued from page 3)

employee needs answered.

- What's my job?
- How am I doing?
- Do you care?

Successfully answer those three questions and be prepared to see a marked change in employee engagement and increased productivity.

### Here are a few tips for performance evaluation:

- Be honest and fair in evaluating employees.
- Be consistent in your approach
- Give your comments, both positive and constructive.
- Make comments consistent with rankings and achievements.
- Be realistic.
- Rate the employee's performance, not their attitude.
- Set strategic goals with the

employee that help identify individual contributions to agency goals.

- Use the evaluation to motivate employees, rather than just to critique their performance.
- No surprises - this means constant feedback throughout the evaluation period.

Always remember to answer the three questions— What's my job?, How am I doing?, and Do you care?

## Capitol Hill Wellness Council Sponsors "Biggest Loser Contest"

By Larene Wyss

In January the Capitol Hill Wellness Council launched a Biggest Loser Contest for employees working on Capitol Hill. There were 70 participants assigned to eight teams, each team with an assigned captain to help motivate and act as the liaison between their team and the contest coordinators.

Contestants participated in weekly weigh-ins and challenges with results posted in a weekly newsletter. The newsletter updated participants on individual and team percentages of weight loss (listed by 4-digit assigned numbers to maintain anonymity).

At the end of the 10-week contest, the 70 participants lost a combined total of 621 pounds, and the winning Pink Team lost a combined total of 153.2 pounds or 7.2% of their total body weight!

Twenty-six participants continued an additional 5 weeks for an individual contest. Jim Russell was the winner in the male category with a 20.4% weight loss in 15 weeks. Danielle Hood won the female category with a 10.9% loss.

If your Wellness Council would like to organize a Biggest Loser contest, contact Larene Wyss at [lwys@utah.gov](mailto:lwys@utah.gov) or 538-3361, and she will provide you with



Governor Huntsman congratulates the Contest Winners (left to right)— Gary Robertson, Larene Wyss (contest co-coordinator), Margaret Chambers, Danielle Hood, Karen Kraus, Kathryn Anderson, Evelyn Gruter, Mark Gunderson, and Mike Mackrory (contest co-coordinator) Missing from picture: Joanie Aponte and J.J. Acker

## The Governor's *WorkWell* Challenge

Stress. We all deal with it. Whether it's our jobs, family life, drama with friends, a relationship problem, or finances, stress is there, but so are ways to relieve it. Your challenge for the next two months is to manage your stress in a healthy way. Here are a few tips on how to deal with stress:

**Treat your body right** by eating right, drinking water, exercising, and getting enough sleep. You will have more self-confidence and energy, and be less likely to experience the physical side effects of stress.

**Develop a sense of humor.** One of the barriers to stress reduction is the temptation to take things too seriously. Laugh a little or better yet, laugh a lot!

**Talk to friends.** This is one of the most important things, as keeping things bottled up can only cause more stress.

**Chew gum or a toothpick.** The action of chewing can reduce stress; this is why many people who are under constant stress tend to overeat. Chewing gum or a tooth pick is a healthier alternative.

**Try some relaxation or breathing techniques** such as progressive muscle relaxation or meditation.

**Keep a journal or diary** where you can write down your thoughts, express yourself and analyze situations.

You don't have to be a victim of stress. By using a few of these tips, you can reduce or deal with the things that cause stress in your life. There is no time like the present, so start managing your stress today!



## Open Enrollment

By Derek Applegate

Once again, open enrollment is upon us and in 2008 there are some significant changes to your health coverage. Changes include employee

contribution rates, administration of the Summit Care plan, pharmacy benefits and a new dental plan provider. Changes listed below will take effect July 1, 2008.

### Pharmacy Benefits-- All Plans

Members filling a prescription will now be required to use generic drugs when available on all PEHP medical plans. If a brand name medication is dispensed, when a preferred generic equivalent can be substituted, you will pay the difference in cost between the generic and the brand name drug and the generic copay. If you have 100% coverage, the generic substitution benefit still applies.

Pharmacy benefits on the Advantage Care and Summit Care will now be identical. Generic copay is \$4 at retail and \$8 through mail order. Brand name, preferred drug coinsurance is 20% (\$10 minimum, \$40 maximum at retail and \$20 minimum, \$60 maximum at mail-order) and brand name, non-preferred coinsurance is 35% (\$30 minimum, no maximum at retail and \$60 minimum, \$100 maximum at mail-order). Members can receive a 30-day supply at retail and a 90-day supply through mail-order.

### PEHP Preferred Care

During its recently completed session, the Utah State Legislature passed HB 4. **The purpose of this bill is to equalize the State's portion of the premiums between all four medical plans.** The result was an



increase in the Preferred Care rate as well as an increase in the employee share of the premium.

Neither the rate nor the employee

share changed for the Advantage Care, Summit Care or the High Deductible Health Plan.

Benefits for the PEHP Preferred Care plan will not be changing, with the exception of the change to the generic pharmacy substitution listed in the **Pharmacy Benefits** section above.

### PEHP Summit Care

The administration of the PEHP Summit Care plan will no longer be done by a third party. All Summit Care plan benefits, claims, customer service, limitations, pre-authorization guidelines and medical case management will be administered the same as Advantage Care.

Pharmacy benefits will now be administered by Medco Health. All inquiries regarding formularies, customer service and pharmacy claims should be directed to Medco Health. Pharmacy benefits for Summit Care are listed in the **Pharmacy Benefits** section above.

Specialty medications will require the member to pay 20% of discounted cost up to a maximum of \$100. Specialty injectables and specialty oral drugs are medications that have specific shipping and handling requirements or are required by the manufacturer to be dispensed by a specific facility. PEHP requires that specialty medications be obtained from our specialty pharmacy for coverage. These may include medications that were previously administered by your

physician, home health or your local pharmacy. Please refer to the PEHP website at [www.pehp.org](http://www.pehp.org) or PEHP's customer service for a complete list of these medications required to be dispensed from our specialty pharmacy for coverage. Prior authorization requirements may also apply. The specialty pharmacy program has been in place on the Preferred and Advantage Care since 2006.

Summit Care members will be eligible to use the PEHP Out-of-State Network Card. This card gives access to national networks which allows members to receive in-network benefits when traveling within the United States. A card with more details will be mailed to Summit Care members prior to July 1, 2008.

### PEHP Advantage Care

Benefits for the PEHP Advantage Care plan will not be changing, with the exception of the change to the pharmacy benefits listed in the **Pharmacy Benefits** section above.

### PEHP High Deductible Plan

Benefits for the PEHP High Deductible Health (HDHP) plan will not be changing, with the exception of the change to the generic pharmacy substitution listed in the **Pharmacy Benefits** section above.

### Dental Benefits

ValueCare Dental will replace Dental Select as the third option for dental benefits. Benefit information is available in the State of Utah Benefit Enrollment Book or by contacting ValueCare Dental at 800-523-9133.

There are no changes to the PEHP Traditional and Preferred Choice Dental Plans.

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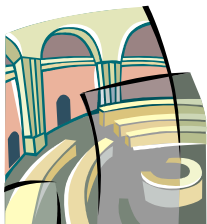
## Open Enrollment (cont.)

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For those who may be considering changing plans, here are some tips to consider:

- Advantage Care and Summit Care members must use network providers and facilities to receive benefits
- Although beneficial to stay within the network, Preferred Care and HDHP members are allowed to go outside of network to receive covered benefits
- Advantage Care, Preferred Care and HDHP members currently have access to the PEHP Out-of-State Network Card. Summit Care members will have access beginning July 1, 2008
- When selecting a network, make a list of all providers used by your family. Check provider lists at [www.pehp.org](http://www.pehp.org) to ensure they are participating in the network you would like to select. If your providers are not all on the same network, you may want to consider enrolling in Preferred Care, the HDHP or change to a provider that is in the network of your choice
- Members who want the Preferred Network of providers but do not want to enroll in Preferred Care may want to consider the HDHP. There is a high deductible associated with this plan, however, it allows the member to use providers who are in-network as well as out of network, just like the Preferred Care. Also, the State of Utah contributes to a Health Savings Account to offset the cost, and there is no payroll deduction to enroll in the plan.
- IRS regulations do not allow an individual to participate in a Health Savings Account at the same time as a Flexible Spending Account. Members who participate in a Flex plan may enroll in the HDHP but can not open a Health Savings Account until the Flex plan year is over.

## Legislative Recap



By Conroy Whipple

This was a relatively quiet session for state employees this year, but as always, there were a few issues that hit close

to home. Compensation was on everyone's mind, of course, and this year's package provided plenty of suspense as it evolved from the Governor's recommendation to the actual package funded by the legislature. The legislature approved a 5% cost of living adjustment (COLA) effective on June 28th. Three percent is appropriated from general funds and other sources; two percent is from anticipated savings generated by an increase in the employee share of premium for the PEHP Preferred Care Health Plan. Public safety employees who retire after January 1, 2009 will

receive an enhanced benefit in their retirement plan. The COLA for these employees will be increased to 4% from the current 2.5%.

Employees who are interested in the details for this year's compensation package may find them on the DHRM web page, at [www.dhrm.utah.gov](http://www.dhrm.utah.gov). In the left side navigation box click on Compensation, in the menu click on Compensation Bulletin 2009.

Two developments in this year's session have potential to impact employees in the future. First is HB 133, the health system reform bill. This sets up a study to examine options to redesign health care based on two principles; individual choice and the introduction of market forces. This effort has the support of the Governor and the Legislature. Second is HB 202, Employee Benefit Amendments. This allows certain employees to opt

out of the defined benefit (pension) retirement program and enroll in the defined contribution (401k) program. This is a trend DHRM intends to watch closely.

The legislature has an excellent web page full of detailed information. Employees who wish to read the official version of bills, research what happened to a bill or learn more about the legislative process will find a rich store at [www.le.state.ut.us/](http://www.le.state.ut.us/). The page contains a mountain of information on the legislature. If you want to research a particular bill click on Passed Bills and a table of all bills that passed will appear. Clicking on the bill number will take you to a summary page for that bill. From this page you can learn about the history of the bill through the legislative process, listen to debates on the bill, read the fiscal note and the enrolled (official) version of the bill.





## ADR = Alternative (and Appropriate) Dispute Resolution

By Palmer  
DePaulis

When confronted with a conflict, how often have you thought to yourself, "If we could just talk about it, we could get this problem resolved?" However, talking about an issue for two (or more) individuals in conflict is usually difficult, if not impossible. A third party, not involved in the conflict, can look at the situation more objectively and facilitate discussion and resolution. That is the underlying principle of mediation.

Mediation is any process for resolving disputes in which another person helps the parties negotiate a settlement. Mediation is one of several tools for conflict resolution that are collectively referred to as Alternative Dispute Resolution or ADR. (Others include negotiation, arbitration, collaboration, etc.) A mediator is a neutral, objective, third party who facilitates discussion of the issues and negotiation of a settlement. The mediator is not a judge, does not take sides in the dispute, and does not tell the parties what they should do. Because mediation works best when there is open and honest communication, the parties and the mediator are required to keep



confidential all discussions and information revealed in the mediation.

The mediation process permits the participants to determine the outcome. The

mediator does not take ownership of the problem, nor propose the solution. The mediator assures that the parties have an equal opportunity to speak to the issue, and to be heard, in a non-judgmental way, and facilitates the process to explore available options and work out a resolution. If the parties cannot agree to a resolution, other, more formal, options are still available, such as the grievance process, which provides an opportunity for a hearing and leaves the decision for resolution to another party.

Mediation has been available to state employees for several years. It has been used by the Career Service Review Board in the grievance process, frequently resolving a grievance between the fourth (agency) and fifth (CSRB) levels. It is also applicable at any point in the grievance process to resolve the conflict by discussing the issues and minimizing the misunderstanding and antagonism that can arise. The implementation of mediation suspends the grievance process and its associated timelines,

and preserves the employee's right to proceed with the grievance if an acceptable resolution is not achieved.

Mediation does not replace any established process for dispute resolution, such as an appeal hearing or a grievance. Rather, it can be used as an enhancement to the process, with the resolution proposed, agreed to, and implemented by the parties to the dispute.

Mediation, or any ADR process, is not confined to conflicts between a supervisor and an employee. It is also highly effective in resolution of conflicts between co-workers, providing an opportunity for open communication, facilitated by a mediator, to explore the issues and agree upon measures to effectively manage the conflict.

How can someone access this process? More information about mediation and its application is available on the DHRM website <http://www.dhrm.utah.gov>, under the employee relations tab. If you think mediation can help you resolve a workplace conflict you may experience, you can contact Jan Hebert by phone (801/297-3810) or e-mail ([jhebert@utah.gov](mailto:jhebert@utah.gov)) to request mediation services. A list of trained, qualified mediators is available. To maintain objectivity and neutrality in the process, someone outside of your agency would be assigned as a mediator.

**UDOT GUIDE TO 2008  
ROAD CONSTRUCTION**



**KNOW WHERE  
KNOW WHY**

statewide. Go to <http://www.udot.utah.gov/knowwhereknowwhy/> to try out the guide and get more information on UDOT projects, timeframes and alternate routes.

Plan ahead and avoid delays by using UDOT's Interactive 2008 Road Construction guide. The guide highlights 22 significant projects



## New Overtime Rules

By Carlos Rodriguez

The Department of Human Resource Management recently implemented new overtime rules that strengthen Fair Labor Standards Act guidelines with regards to overtime violations and enforcement of the law. The rules also add a complaint process for employees who feel they have not been properly compensated for actual overtime worked. The recent rule applies to all employees of state government who are in non-exempt positions. These are those employees

that accrue overtime at time and one-half.

The rule change adds language that non-exempt employees will accurately reflect hours actually worked. Supervisors should be aware of these rules that now provide for penalties for willful overtime violations. Added language provides an avenue of complaint for employees in non-exempt positions who believe they have not been properly compensated. The complaint process encourages employees to notify DHRM of overtime violations by submitting a complaint

form directly to the Executive Director of DHRM or designee.

An e-mail was sent to all state employees regarding these rules recently. These rules are now available on DHRM's web-site at: <http://www.dhrm.utah.gov/policy/hrrules/Rules%202007.pdf>. Please become familiar with these rules. Another notification has been placed on state employees' paycheck stubs.

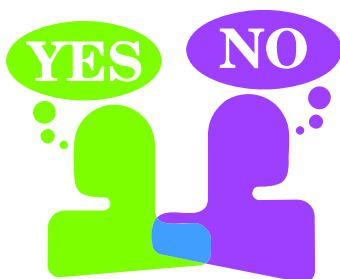
We appreciate everyone's efforts in making sure that all time worked is accurately and appropriately compensated.

## DHRM Wants Your Opinion!!!

By Jan Hebert

Yes, really, we want to hear from YOU! DHRM is considering the feasibility of offering Short Term Disability Insurance (STDI). Please give us your input, as this program will only be offered if there is interest from state employees.

STDI would be available to the employee only (no dependent coverage) in case of serious illness or accident that would require absence from work. After a waiting period of seven days, with verification from a medical provider, the STDI would cover a maximum of 83 days (90 days



minus 7 day wait time) until Long Term Disability Benefits would be available. The STDI would be provided on a voluntary basis, with the entire premium cost paid by the employee.

The insurance would provide 60% of your normal pay; and there may be an option to use your available paid sick or annual leave to make up the remaining 40%. The choice on this option would be likely to affect the premium.

A survey form is provided for your use at: [http://www.surveymonkey.com/s.aspx?](http://www.surveymonkey.com/s.aspx?sm=oJ_2fQ_2fMTxCcj70cXdsZaN3g_3d_3d)

[sm=oJ\\_2fQ\\_2fMTxCcj70cXdsZaN3g\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=oJ_2fQ_2fMTxCcj70cXdsZaN3g_3d_3d)

This is a very short survey and user friendly. It should take only a few minutes to complete. Best of all, there is a reward for your efforts: If you choose to provide your identifying information, you will be entered into a drawing for an exercise kit.

Survey forms will also be available for your convenience at all of the Benefits Fairs this year, and any forms submitted at the fairs will also be entered into the drawing. We only need one survey per employee. The on-line survey is available for those who may not be able to attend the benefits fair, or prefer to complete the survey on-line.



UTA Frontrunner service started April 26, 2008! Frontrunner has seven stations from Salt Lake to Ogden and can travel between the two cities in one hour. Frontrunner runs every 30 minutes during daylight hours and hourly in the evening. Taking Public Transportation is a great way to "go green" and save gas, time and money. For more information about public transportation including Frontrunner visit [www.rideuta.com](http://www.rideuta.com).





## Initial Findings from the Employee Survey

By Casey Parry

DHRM conducted a statewide survey last fall to examine attitudes on a variety of factors impacting state government employees. A representative sample of employees was randomly selected and over 1400 responses were received, with participation across agencies and locations statewide.

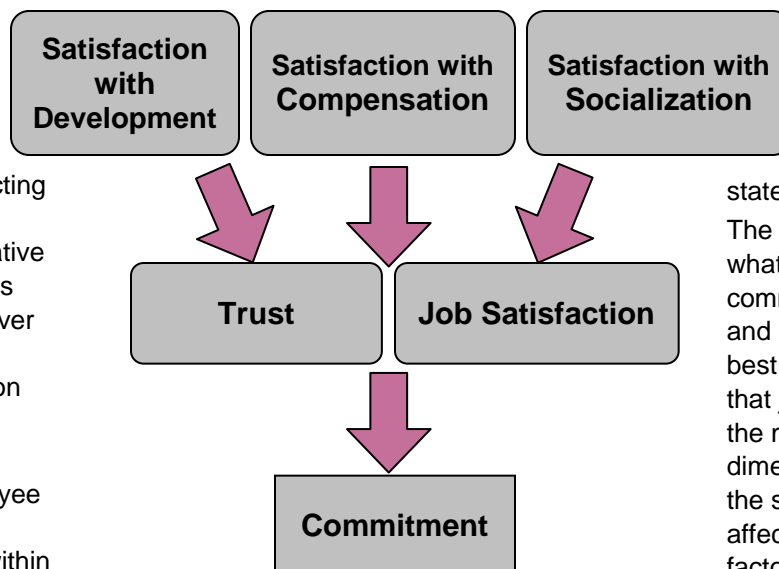
One goal of the employee survey was to measure employee commitment within state government, as well determine what factors influence commitment. Additionally, we were interested in either confirming or refuting the meaning of employee commitment.

### What is employee commitment?

In concordance with Meyer and Allen's (1991)\* model of commitment, our survey confirmed three commitment factors - affective commitment, continuance commitment, and moral commitment. These three factors help to define and explain what it means to be committed to an organization.

The first commitment factor, affective commitment, is concerned with the level of positive emotional attachment to an organization (a fancy way of saying it measures how much an employee likes the organization). An employee with high affective commitment identifies with the goals of the organization and has a strong desire to be part of the organization.

The next factor, continuance commitment, involves the costs of leaving the organization, both economic and social, and whether



there are available alternative opportunities. An employee who has high continuance commitment would have a lot to lose by leaving the organization (like pension accruals, sick leave benefits, friendships with associates) and would remain part of the organization because the costs of leaving would be too high.

The last factor, moral commitment (also referred to as normative commitment), reflects feelings of obligation to the organization. Employees with high moral commitment may be committed to the organization because they feel that they owe it to the organization to stay. This obligation may originate from receiving benefits such as training or educational assistance, or it may involve internal beliefs and feelings such as the belief that one should stay loyal to one's organization.

Each of these factors interact and can affect the overall commitment of an individual. An employee's level of commitment can affect job performance, absenteeism, and can influence the likelihood of the

employee staying with the organization. These are important outcomes, and it leads us to explore how we can increase commitment in state employees.

The employee survey examined what factors influence these three commitment factors, both directly and indirectly. The model that best explained the data showed that job satisfaction and trust had the most direct influence on each dimension of commitment, with the strongest effects on the affective and moral commitment factors. Given that job satisfaction

and trust have such influence on commitment, the question to be asked is how do we increase job satisfaction and trust- ultimately increasing commitment?

Our model shows three precursors to job satisfaction and trust: development, socialization, and compensation. Each of these factors has a unique and direct effect on job satisfaction and trust. One of the more interesting findings is that ultimately the development and socialization factors seem to have more influence overall than the compensation factor. While compensation remains an important factor affecting commitment, the results imply that additional time and attention should be placed on development and socialization in order to ultimately increase the level of commitment among state government employees.

\*Meyer, J.P. and Allen, N.J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1, 61 – 89.



## Medical Economics 101: Back to the Future

By Dave Lewis

In addition to providing a 5.0% Cost-of-Living Adjustment (COLA) for state employees, H.B. 4 realigned funding for the health care benefits program, impacting employees enrolled in the Preferred Care Plan. As health care costs have increased over the last few years, premiums for Preferred Care have not kept pace. The resulting funding gap has been subsidized by the Advantage and Summit Plans. Beginning in FY2009, each plan will be priced correctly, and will receive equal funding. Employees pay the difference between the premium and the state contributions.

Why is medical care, financed through the Preferred Plan, more expensive compared to the Advantage or Summit Plans? To address this question, and better understand health care benefit financing in general, we interviewed Jeff Jensen, PEHP Director. His comments are documented here.

**DHRM:** Preferred Care is a Preferred Provider Organization (PPO). Advantage Care and Summit Care are Health Maintenance Organizations (HMOs). What is the difference?

**PEHP:** PPO networks are generally broader than HMO networks, but as “managed health care” has evolved, most of the traditional differences between PPOs and HMOs have been eliminated. HMOs of the early 1980s required enrollees to select a primary care physician, commonly referred to as a “gatekeeper”. The physician was responsible for providing, or directing through referrals, all the care for the health plan member. As it turned out, this referral system created additional administration that did not significantly reduce claim dollars. It was also an

irritant for members, so the industry responded, and the requirement went away.

Pharmacy benefits illustrate another traditional difference. In the past, HMOs managed prescription drugs through closed formularies, meaning only certain drugs in any given drug class were covered. For example, to treat depression, the formulary might provide a benefit for Prozac, but not Zoloft. In some cases, certain drugs were excluded, altogether. These restrictions have gone away over time, with maturing of the market, pressure from employee/patients, and media exposure.

**DHRM:** How do Utah hospital systems align with the employee medical benefit plans sponsored by the State of Utah?

**PEHP:** The Utah health care market is unique. On one side are medical providers aligned with Intermountain Health Care. Advantage Care is a product of Intermountain Health Care (IHC), and includes IHC hospitals, clinics, and affiliated physicians. On the opposite side is Summit Care, which contracts with providers affiliated with Mountainstar, Iasis, and the University of Utah.

The State’s High Deductible Health Plan uses the Preferred Care network, which includes all the hospital facilities in the state. State employees who need the Preferred Care Network, but are looking for alternatives to the price of the Preferred Care Plan, should at least consider the High Deductible Plan.

**DHRM:** Are there different types of HMOs?

**PEHP:** There are variations on the HMO theme, although only “open model” HMOs, like Advantage Care and Summit Care currently operate in

the Utah market. “Open Model” simply means that health plan subscribers are free to choose medical providers from a contracted network at the time of service, without a referral requirement. During the 1980s, FHP pioneered the “staff model” HMO. In a staff model, all professional providers, including physicians, were employees of the HMO. Clinics were located throughout the Salt Lake Valley, and provided a “one-stop shopping” approach to medical care by providing comprehensive medical services, including primary care, emergency care, general surgery, diagnostic services, and prescription drugs.

**DHRM:** How is the health care market in Utah evolving?

**PEHP:** People are living longer, and the market is responding to those needs. We are witnessing fantastic advances in medical science, resulting in revolutionary drug therapies and dramatic life-saving technology. The health care industry continues to grow and evolve. In the face of competition, hospitals are enhancing quality, reducing overhead, and seeking new customers through creative marketing. Free-standing diagnostic centers and specialty clinics are cropping up, many of them are owned by physicians, and are prospering by providing easy access and quality care to patients.

One interesting trend in the market, could take us “Back to the Future”. The return of “one-stop shopping” medical care, similar to the old FHP staff model could return, as Intermountain Health Care and the University of Utah expand services through their clinic operations. This may smack of 1980s managed health care, but the 21<sup>st</sup> century emphasis is totally patient-focused.

(Continued on page 11)



## Medical Economics 101: Back to the Future (cont.)

*(Continued from page 10)*

**DHRM:** Why is the Preferred Care Plan “more costly” than the other options?

**PEHP:** Many factors impact the claim cost of a health care plan. With the Preferred Care Plan, there are two significant cost drivers – less favorable provider contracts and an older enrolled population.

HMO plans, like Advantage Care and Summit Care, limit the number of network providers, so the plan can offer a more exclusive arrangement and steer patients, in exchange for fee reductions. In addition, Advantage Care and Summit Care are aligned with competing hospital systems. Hospitals are more willing to reduce contracted charges, if they have exclusivity within a particular HMO network. With Preferred Care, there is no measurable patient steerage, as virtually all medical providers in the state are included in the network. As a result, medical providers discount fees nominally, if at all.

Sometimes, an HMO will add providers to the network, without receiving a fee reduction agreement. In certain geographic areas of the state, there may be only one hospital facility. If the HMO wants to build membership in that area, they must contract with the hospital, and accept the hospital's terms. Primary Children's Medical Center (PCMC) provides another example. It is generally in the best interest of HMOs to contract with PCMC, an Intermountain Health Care facility, since it is the only facility in the intermountain area where certain pediatric specialty care is available. The facility dictates the terms, since they already treat the patients anyway. It is a patient access issue, since participation in the HMO does not provide any new business to the

hospital.

The other primary factor influencing Preferred Care cost is the relative age of the plan members. The average age of the population enrolled in the Preferred Care Plan, is ten years greater than the average age of the HMO population. It is simply a fact that as we age, we consume more expensive medical care more frequently. As a result, we're experiencing kind of a “double whammy” in Preferred Care. The benefit plan with the broadest network, containing the least economically efficient contracts, has a preponderance of older employees who consume more frequent, expensive medical care. This is simply an economic reality of financing health care.

**DHRM:** Do administrative costs have a large impact on premium?

**PEHP:** Our administrative costs are about 4% of total premium. This means that fully 96% of each premium dollar is going to pay claims. With only 4% allocated for administration, there's not much blood left in that turnip. Even looking at other Utah insurers, the average commercial health insurer collects approximately 12% of premium for administration. Administrative costs really aren't that much of the total, but shouldn't be ignored when looking to control costs.

**DHRM:** Why are health plan options limited in rural areas?

**PEHP:** This gets back to the discounts for volume equation. Medical providers are limited in some areas of the state. Some are the “only game in town”, so if we want to contract with them, we do so understanding that any discounts from billed charges will be nominal. Some providers choose not to participate at all, as there is no

economic incentive to join a network panel. In these cases, it becomes a matter of providing access for health plan members. With the Summit Care Plan, our objective is to close the gaps in the network and open access to more state employees. Specifically, we are trying to add providers in Carbon, Emery, Grand and San Juan counties.

**DHRM:** Are there any new plans or programs on the drawing board at PEHP that will benefit state employees?

**PEHP:** We're pretty excited about the chronic disease management programs that will be available July 1, 2008. These programs are voluntary, and have been designed to assist members in managing their health. Disease management programs will be available for individuals who are diagnosed with diabetes, chronic obstructive pulmonary disease, chronic heart failure, and coronary artery disease. In addition to providing professional services in financing and administering health care benefits, our desire is to develop and implement programs like disease management, and employee wellness and fitness to provide valuable resources to health plan members as they look for ways to live healthy and productive lives. On the administrative cost side, we're looking to streamline our services with more electronic (paperless) processes such as online enrollment changes.

We strive to do the very best job possible, and I personally invite state employees to call our customer service line whenever assistance is needed.

Jeff Jensen has been with PEHP since 1990, serving as Controller, Finance Director, and Claims and Administration Director prior to his current position as Director. Mr. Jensen is a Certified Public Accountant, a Certified Government Finance Manager, and serves on the Board of Directors of the Utah Health Information Network.

Kim Diamond-Smith contributed to this article.





### Upcoming Training Events

- May 13.....10<sup>th</sup> Annual Managers Conference
- May 23.....Government Performance Workshops  
Defining and Measuring Work Unit Performance  
Communicating Clear Performance Messages
- May 30.....Government Performance Workshops  
Communicating Clear Performance Messages  
Talking Performance: Preparing Your Business Case
- June 6.....Government Performance Workshops  
Defining and Measuring Work Unit Performance  
Establishing Standards for Individual Performance
- June 13.....Government Performance Workshops  
Performance Coaching  
Talking Performance: Preparing Your Business Case

<http://www.dhrm.utah.gov/events/>

For registration information, please visit our online registration site listed above. Also, please watch for registration for the Certified Public Manager Classes in mid-summer.

We'd love to hear from you. Please submit feedback, suggestions, or ideas for future articles to:

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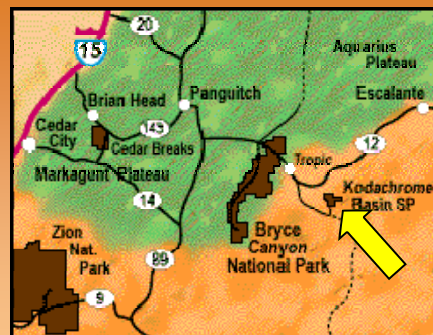
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### On the Front Cover:

The picture was taken at Kodachrome Basin State Park. The area is home to dramatic sandstone chimneys, spires and arches. There are many nearby attractions including Bryce Canyon State Park, Cedar Breaks National Monument and Grosvenor Arch.

People go to the area to enjoy hiking, biking and photography.

The State Park provides overnight camping facilities, drinking water, modern restrooms, hot showers, and other amenities. Kodachrome State Park is located 9 miles south of Cannonville, UT. For more information about the park visit <http://stateparks.utah.gov/parks/kodachrome/>.



Kodachrome Basin, Utah State Park,  
Southwestern Utah